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THRU : Chief, St/I/R
Chief, D/S
Chief, S/CST

5 September 1956

REF : Your request for evaluation of "Capital Construction" portion of State Dep. No. 1479.

The following points sum up our view of the report.

1. It is well-organized and presented. The substance introduced is of a concrete type.

2. In speaking of the additional 55 Soviet Aid projects, each requiring an average US \$12.3 million a comparison is made with the earlier 156 Soviet Aid projects which averaged out to US \$8.9 million. The reporters' interpretation that the new projects are "ground up" construction and hence larger in scope appears to us valid. But to refer to Anshan as a reconstruction job, implying low expenditure is incorrect. True, many of the projects at Anshan were of a renovation type, but many were new construction involving vast monetary outlays exceeding by far even the US \$12.3 million average.

3. The reporters' guesses on what the additional 55 projects constitute are astute. Probably the Chengtu Cutting Tools and Measuring Instruments plant now under construction is another.

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Distribution:

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